

Introduced by Senator Leslie

February 25, 1997

An act to amend Section 703 of, and to add Section 703.1 to, the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 678, as introduced, Leslie. Insurance: surplus lines.

Existing law provides that certain acts relative to nonadmitted insurers are misdemeanors, including the advertising in any manner of a nonadmitted insurer in this state. These prohibitions do not apply when the acts are performed by a surplus line broker.

This bill would additionally exempt from the prohibition an advertisement of a nonadmitted insurer on the list of eligible surplus line insurers established by the Insurance Commissioner, if the advertisement is intended to be seen by surplus line brokers and other insurance licensees but not the general public and if the advertisement describes the insurer but not the insurer's products.

The bill would also provide that a surplus line broker may publish similar advertisements that describe the surplus line broker or the products of an eligible surplus line insurer offered by the broker, but not the name of the eligible surplus line insurer.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 703 of the Insurance Code is
2 amended to read:

3 703. Except when performed by a surplus line broker
4 *or as provided in subdivision (a) of Section 703.1*, the
5 following acts are misdemeanors when done in this ~~State~~
6 *state*:

7 (a) Acting as agent for a nonadmitted insurer in the
8 transaction of insurance business in this ~~State~~ *state*.

9 (b) In any manner advertising a nonadmitted insurer
10 in this ~~State~~ *state*.

11 (c) In any other manner aiding a nonadmitted insurer
12 to transact insurance business in this ~~State~~ *state*.

13 In addition to any penalty provided for commission of
14 misdemeanors, a person violating any provision of this
15 section shall forfeit to this ~~State~~ *state* the sum of five
16 hundred dollars (\$500), together with one hundred
17 dollars \$(100) for each month or fraction thereof during
18 which he *or she* continues ~~such~~ *the* violation.

19 SEC. 2. Section 703.1 is added to the Insurance Code,
20 to read:

21 703.1. (a) Notwithstanding subdivision (b) of
22 Section 703, a nonadmitted insurer placed on the list of
23 eligible surplus line insurers by the commissioner
24 pursuant to subdivision (f) of Section 1765.1 may publish
25 image advertisements that are intended to be seen by
26 surplus line brokers and other licensees but not by the
27 general public. For purposes of this subdivision, “image
28 advertisements” means advertisements that describe an
29 eligible surplus line insurer but that do not describe the
30 insurer’s products.

31 (b) A surplus line broker may publish image
32 advertisements that are intended to be seen by other
33 surplus line brokers and other licensees but not by the
34 general public. For purposes of this subdivision, “image
35 advertisements” means advertisements that describe the
36 surplus line broker or the products of an eligible surplus



1 line insurer offered by the broker, but not the name of the
2 eligible surplus line insurer.

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